

HEALTH ANNUAL STATEMENT

For the Year Ending December 31, 2001

OF THE CONDITION AND AFFAIRS OF THE

McLAREN HEALTH PLAN, INC

NAIC Group Code	0000	0000	NAIC Company Code	95848	Employer's ID Number	383383640
	(Current Period)	(Prior Period)				
Organized under the Laws of	Michigan		State of Domicile or Port of Entry	Michigan		
Country of Domicile	United States					
Licensed as business type:	Life, Accident & Health[]		Property/Casualty[]	Health Service Corporation[]	Dental Service Corporation[]	
	Vision Service Corporation[]		Other[]	Health Maintenance Organization[X]	Is HMO Federally Qualified? Yes[] No[X]	
Date Incorporated or Organized	09/12/1997			Date Commenced Business	08/01/1998	
Statutory Home Office	401 SOUTH BALLENGER HIGHWAY			FLINT, MI 48532-3685		
	(Street and Number)			(City, or Town, State and Zip Code)		
Main Administrative Office	401 SOUTH BALLENGER HIGHWAY					
	(Street and Number)					
	FLINT, MI 48532-3685			(810)342-1008-		
	(City or Town, State and Zip Code)			(Area Code) (Telephone Number)		
Mail Address	401 SOUTH BALLENGER HIGHWAY			FLINT, MI 48532-3685		
	(Street and Number or P.O. Box)			(City, or Town, State and Zip Code)		
Primary Location of Books and Records	401 SOUTH BALLENGER HIGHWAY					
	(Street and Number)					
	FLINT, MI 48532-3685			(810)342-1008-		
	(City, or Town, State and Zip Code)			(Area Code) (Telephone Number)		
Internet Website Address						
Statement Contact	JEFF ASH			(810)342-1052-		
	(Name)			(Area Code)(Telephone Number)(Extension)		
	JEFFAS@MCLAREN.ORG			(810)342-1089-		
	(E-Mail Address)			(Fax Number)		

OFFICERS

President	KATHY KENDALL
Secretary	DENNIS KRZEMINSKI
Chief Financial Officer	JEFF ASH

VICE PRESIDENTS

DIRECTORS OR TRUSTEES

KATHY KENDALL	RICK WYLES
TOM DONALDSON	RONALD SHAHEEN D.O.
DENNIS KRZEMINSKI	EDWIN DELANGE D.O.
CAROLYN DUFFINEY	

State of	Michigan
County of	Genesee ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manuals except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively.

(Signature)	(Signature)	(Signature)
KATHY KENDALL	DENNIS KRZEMINSKI	JEFF ASH
(Printed Name)	(Printed Name)	(Printed Name)
President	Secretary	Chief Financial Officer
	a. Is this an original filing?	Yes[X] No[]
	b. If no,	
	1. State the amendment number	
	2. Date filed	
	3. Number of pages attached	

Subscribed and sworn to before me this
day of , 2002

(Notary Public Signature)

ASSETS

		Current Year			Prior Year
		1	2	3	4
		Assets	Nonadmitted Assets	Net Admitted Assets	Net Admitted Assets
1.	Bonds				
2.	Stocks:				
2.1	Preferred stocks				
2.2	Common stocks	1,001,605		1,001,605	528,216
3.	Mortgage loans on real estate:				
3.1	First liens				
3.2	Other than first liens				
4.	Real estate (Schedule A):				
4.1	Properties occupied by the company (less \$..... encumbrances)			(a).....	
4.2	Properties held for the production of income (less \$..... encumbrances)				
4.3	Properties held for sale (less \$..... encumbrances)				
5.	Cash (\$.....11,907,905, Schedule E - Part 1) and short-term investments (\$....., Schedule DA - Part 2)	11,907,905		11,907,905	4,090,934
6.	Other long-term invested assets				
7.	Receivable for securities				
8.	Aggregate write-ins for invested assets				
9.	Subtotals, cash and invested assets (Lines 1 to 8)	12,909,510		12,909,510	4,619,150
10.	Accident and health premiums due and unpaid				372,105
11.	Health care receivables	206,171		206,171	331,437
12.	Amounts recoverable from reinsurers	213,878		213,878	199,619
13.	Net adjustment in assets and liabilities due to foreign exchange rates				
14.	Investment income due and accrued	12,984		12,984	22,408
15.	Amounts due from parent, subsidiaries and affiliates	22,677		22,677	147,949
16.	Amounts receivable relating to uninsured accident and health plans				
17.	Furniture and equipment				
18.	Amounts due from agents				
19.	Federal and foreign income tax recoverable and interest thereon (including \$..... net deferred tax asset)				
20.	Electronic data processing equipment and software	3,383		3,383	5,639
21.	Other nonadmitted assets				
22.	Aggregate write-ins for other than invested assets				
23.	Total assets (Lines 9 plus 10 through 22)	13,368,604		13,368,604	5,698,307
DETAILS OF WRITE-INS					
0801	.....			
0802	.....			
0803	.....			
0898.	Summary of remaining write-ins for Line 8 from overflow page				
0899.	TOTALS (Lines 0801 through 0803 plus 0898) (Line 8 above)				
2201	.....			
2202	.....			
2203	.....			
2298.	Summary of remaining write-ins for Line 22 from overflow page				
2299.	TOTALS (Lines 2201 through 2203 plus 2298) (Line 22 above)				

(a) \$..... health care delivery assets included in Line 4.1, Column 3.

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$..... reinsurance ceded)	8,985,868		8,985,868	3,511,410
2.	Accrued medical incentive pool and bonus payments				316,933
3.	Unpaid claims adjustment expenses				
4.	Aggregate policy reserves				
5.	Aggregate claim reserves				
6.	Premiums received in advance				
7.	General expenses due or accrued	11,827		11,827	98,475
8.	Federal and foreign income tax payable and interest thereon (including \$..... on realized capital gains (losses)) (including \$..... net deferred tax liability)				
9.	Amounts withheld or retained for account of others				
10.	Borrowed money (including \$..... current) and interest thereon \$..... (including\$..... current)				
11.	Amounts due to parent, subsidiaries and affiliates	900,098		900,098	255,509
12.	Payable to securities				
13.	Funds held under reinsurance treaties with (\$..... authorized reinsurers and \$..... unauthorized reinsurers				
14.	Reinsurance in unauthorized companies				
15.	Net adjustments in assets and liabilities due to foreign exchange rates				
16.	Liability for amounts held under uninsured accident and health plans				
17.	Aggregate write-ins for other liabilities (including \$..... current)				
18.	Total liabilities (Lines 1 to 17)	9,897,792		9,897,792	4,182,327
19.	Common capital stock	X X X	X X X		60,000
20.	Preferred capital stock	X X X	X X X		
21.	Gross paid in and contributed surplus	X X X	X X X	1,140,000	1,140,000
22.	Surplus notes	X X X	X X X		
23.	Aggregate write-ins for other surplus funds	X X X	X X X		
24.	Unassigned funds (surplus)	X X X	X X X	2,330,812	315,981
25.	Less treasury stock, at cost:	X X X	X X X		
25.1	..... shares common (value included in Line 19 \$.....)	X X X	X X X		
25.2	..... shares preferred (value included in Line 20 \$.....)	X X X	X X X		
26.	Total capital and surplus (Lines 19 to 24 minus 25)	X X X	X X X	3,470,812	1,515,981
27.	Total liabilities, capital and surplus (Lines 18 and 26)	X X X	X X X	13,368,604	5,698,308
DETAILS OF WRITE-INS					
1701	.....			
1702	.....			
1703	.....			
1798.	Summary of remaining write-ins for Line 17 from overflow page				
1799.	TOTALS (Lines 1701 through 1703 plus 1798) (Line 17 above)				
2301	.....	X X X	X X X		
2302	.....	X X X	X X X		
2303	.....	X X X	X X X		
2398.	Summary of remaining write-ins for Line 23 from overflow page	X X X	X X X		
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
1.	Member Months	X X X	174,289	120,088
2.	Net premium income	X X X	28,368,975	17,899,615
3.	Change in unearned premium reserves and reserve for rate credits	X X X		
4.	Fee-for-service (net of \$..... medical expenses)	X X X		
5.	Risk revenue	X X X		
6.	Aggregate Write-Ins for Other health care related revenues	X X X		
7.	TOTAL REVENUES (Lines 2 to 6)	X X X	28,368,975	17,899,615
Medical and Hospital:				
8.	Hospital/medical benefits		20,601,218	13,376,569
9.	Other Professional Services			
10.	Outside Referrals			
11.	Emergency Room and Out-of-Area			
12.	Aggregate Write-Ins for Other Medical and Hospital		4,085,935	3,226,246
13.	Incentive Pool and Withhold Adjustments			
14.	Subtotal (Lines 8 to 13)		24,687,153	16,602,815
LESS:				
15.	Net Reinsurance Recoveries		122,590	450,562
16.	Total medical and Hospital (Lines 14 minus 15)		24,564,563	16,152,253
17.	Claims adjustment expenses			
18.	General administrative expenses		2,068,086	1,403,374
19.	Increase in reserves for accident and health contracts			
20.	Total underwriting deductions (Lines 16 through 19)		26,632,649	17,555,627
21.	Net underwriting gain or (Loss) (Lines 7 minus 20)	X X X	1,736,326	343,988
22.	Net investment income earned		218,505	249,751
23.	Net realized capital gains or (Losses)			
24.	Net investment gains or (Losses) (Lines 22 plus 23)		218,505	249,751
25.	Net gain or (Loss) from agents' or premium balances charged off [(amount recovered \$.....) (amount charged off \$.....)]			
26.	Aggregate write-ins for other income or expenses			
27.	Net income or (Loss) before federal income taxes (Lines 21 plus 24 plus 25 plus 26)		1,954,831	593,739
28.	Federal and foreign income taxes incurred	X X X		
29.	Net income (Loss) (Lines 27 minus 28)	X X X	1,954,831	593,739
DETAILS OF WRITE-INS				
0601	.....	X X X		
0602	.....	X X X		
0603	.....	X X X		
0698.	Summary of remaining write-ins for Line 6 from overflow page	X X X		
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X		
1201.	Pharmacy Expense		4,085,935	3,226,246
1202.	.....		
1203	.....		
1298.	Summary of remaining write-ins for Line 12 from overflow page			
1299.	TOTALS (Lines 1201 through 1203 plus 1298) (Line 12 above)		4,085,935	3,226,246
2601	.....		
2602	.....		
2603	.....		
2698.	Summary of remaining write-ins for Line 26 from overflow page			
2699.	TOTALS (Lines 2601 through 2603 plus 2698) (Line 26 above)			

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
30.	Capital and surplus prior reporting year	1,515,981	892,242
GAINS AND LOSSES TO CAPITAL & SURPLUS			
31.	Net income or (Loss) from Line 29	1,954,831	593,739
32.	Change in valuation basis of aggregate policy and claim reserves		
33.	Net unrealized capital gains and losses		
34.	Change in net unrealized foreign exchange capital gain or (Loss)		
35.	Change in net deferred income tax		
36.	Change in nonadmitted assets		30,000
37.	Change in unauthorized reinsurance		
38.	Change in treasury stock		
39.	Change in surplus notes		
40.	Cumulative effect of changes in accounting principles		
41.	Capital Changes:		
41.1	Paid in	(60,000)	
41.2	Transferred from surplus (Stock Dividend)		
41.3	Transferred to surplus		
42.	Surplus adjustments:		
42.1	Paid in		
42.2	Transferred to capital (Stock Dividend)		
42.3	Transferred from capital	60,000	
43.	Dividends to stockholders		
44.	Aggregate write-ins for gains or (Losses) in surplus		
45.	Net change in capital and surplus (Lines 31 to 44)	1,954,831	623,739
46.	Capital and surplus end of reporting year (Line 30 plus 45)	3,470,812	1,515,981
DETAILS OF WRITE-INS			
4401	.....	
4402	.....	
4403	.....	
4498.	Summary of remaining write-ins for Line 44 from overflow page		
4499.	TOTALS (Lines 4401 through 4403 plus 4498) (Line 44 above)		

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums and revenues collected net of reinsurance	28,741,080	17,899,615
2.	Claims and claims adjustment expenses	19,338,890	15,508,046
3.	General administrative expenses paid	2,154,734	1,403,374
4.	Other underwriting income (expenses)		
5.	Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4)	7,247,457	988,195
6.	Net investment income	205,521	249,751
7.	Other income (expenses)		
8.	Federal and foreign income taxes (paid) recovered		
9.	Net cash from operations (Line 5 to 8)	7,452,978	1,237,946
Cash from Investments			
10.	Proceeds from investments sold, matured or repaid:		
10.1 ...	Bonds		
10.2 ...	Stocks		
10.3 ...	Mortgage loans		
10.4 ...	Real estate		
10.5 ...	Other invested assets		
10.6 ...	Net gains or (losses) on cash and short-term investments		
10.7 ...	Miscellaneous proceeds		
10.8 ...	TOTAL investment proceeds (Lines 10.1 to 10.7)		
11.	Cost of investments acquired (long-term only):		
11.1 ...	Bonds		
11.2 ...	Stocks	473,389	
11.3 ...	Mortgage loans		
11.4 ...	Real estate		
11.5 ...	Other invested assets		
11.6 ...	Miscellaneous applications		
11.7 ...	TOTAL investments acquired (Lines 11.1 to 11.6)	473,389	
12.	Net cash from investments (Line 10.8 minus Line 11.7)	(473,389)	
Cash from Financing and Miscellaneous Sources			
13.	Cash provided:		
13.1 ...	Surplus notes, capital and surplus paid in	(60,000)	
13.2 ...	Net transfers from affiliates	769,860	
13.3 ...	Borrowed funds received		
13.4 ...	Other cash provided	127,522	
13.5 ...	TOTAL (Lines 13.1 to 13.4)	837,382	
14.	Cash applied:		
14.1 ...	Dividends to stockholder paid		
14.2 ...	Net transfers to affiliates		
14.3 ...	Borrowed funds repaid		
14.4 ...	Other applications		
14.5 ...	TOTAL (Lines 14.1 to 14.4)		
15.	Net cash from financing and miscellaneous sources (Line 13.5 minus Line 14.5)	837,382	
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS			
16.	Net change in cash and short-term investments (Line 9 plus Line 12 plus Line 15)	7,816,970	1,237,946
17.	Cash and short-term investments:		
17.1 ...	Beginning of year	4,090,934	2,852,989
17.2 ...	End of year (Line 16 plus Line 17.1)	11,907,904	4,090,935

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS
(Gain and Loss Exhibit)

		1	2	3	4	5	6	7	8	9	10	11	12	13
		Total	Comprehensive (Hospital & Medical)	Medical Only	Medicare Supplemental	Dental Only	Vision Only	Federal Employee Health Benefit Plan	Title XVIII- Medicare	Title XIX- Medicaid	Stop Loss	Disability Income	Long- term Care	Other
1.	Net premium income	28,368,976								28,368,976				
2.	Change in unearned premium reserves and reserve for rate credit													
3.	Fee-for-service (net of \$..... medical expenses)													
4.	Risk revenue													
5.	Aggregate write-ins for other health care related revenues													
6.	Total revenues (Lines 1 to 5)	28,368,976								28,368,976				
7.	Medical/hospital benefits	20,601,218								20,601,218				
8.	Other professional services													
9.	Outside referrals													
10.	Emergency Room and Out-of-Area													
11.	Aggregate write-ins for other medical and hospital	4,085,935								4,085,935				
12.	Incentive pool and withhold adjustments													
13.	Subtotal (Lines 7 to 12)	24,687,153								24,687,153				
14.	Net Reinsurance Recoveries	122,590								122,590				
15.	Total medical and hospital (Lines 13 minus 14)	24,564,563								24,564,563				
16.	Claims adjustment expenses													
17.	General administrative expenses	2,068,086								2,068,086				
18.	Increase in reserves for accident and health contracts													
19.	Total underwriting deductions (Lines 15 to 18)	26,632,649								26,632,649				
20.	Net underwriting gain or (Loss) (Line 6 minus Line 19)	1,736,327								1,736,327				
DETAILS OF WRITE-INS														
0501	.....												
0502	.....												
0503	.....												
0598.	Summary of remaining write-ins for Line 5 from overflow page													
0599.	TOTAL (Lines 0501 through 0503 plus 0598) (Line 5 above)													
1101.	PHARMACY EXPENSE	4,085,935								4,085,935				
1102	.....												
1103	.....												
1198.	Summary of remaining write-ins for Line 11 from overflow page													
1199.	TOTAL (Lines 1101 through 1103 plus 1198) (Line 11 above)	4,085,935								4,085,935				

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS

		1	2	3	4
Line of Business		Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Columns 1 + 2 - 3)
1.	Comprehensive (medical and hospital) .....	.....	.....	.....	.....
2.	Medicare Supplemental .....	.....	.....	.....	.....
3.	Dental only .....	.....	.....	.....	.....
4.	Vision only .....	.....	.....	.....	.....
5.	Federal Employees Health Benefits Plan Premiums .....	.....	.....	.....	.....
6.	Title XVIII - Medicare .....	.....	.....	.....	.....
7.	Title XIX - Medicaid	28,899,406	.....	530,431	28,368,975
8.	Other .....	.....	.....	.....	.....
9.	TOTALS	28,899,406	.....	530,431	28,368,975

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 - Claims Incurred During the Year

	1	2	3	4	5	6	7	8	9
	Total	Compre- hensive (Medical & Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Other
1. Payments during the year:									
1.1 Direct	19,212,695							19,212,695	
1.2 Reinsurance assumed									
1.3 Reinsurance ceded									
1.4 Net	19,212,695							19,212,695	
2. Paid medical incentive pools and bonuses									
3. Claim liability December 31, current year from Part 2A:									
3.1 Direct	8,985,868							8,985,868	
3.2 Reinsurance assumed									
3.3 Reinsurance ceded									
3.4 Net	8,985,868							8,985,868	
4. Claim reserve December 31, current year from Part 2D:									
4.1 Direct									
4.2 Reinsurance assumed									
4.3 Reinsurance ceded									
4.4 Net									
5. Accrued medical incentive pools and bonuses, current year									
6. Amounts recoverable from reinsurers December 31, current year	213,878							213,878	
7. Claim liability December 31, prior year from Part 2A:									
7.1 Direct	3,511,410							3,511,410	
7.2 Reinsurance assumed									
7.3 Reinsurance ceded									
7.4 Net	3,511,410							3,511,410	
8. Claim reserve December 31, prior year from Part 2D:									
8.1 Direct									
8.2 Reinsurance assumed									
8.3 Reinsurance ceded									
8.4 Net									
9. Accrued medical incentive pools and bonuses, prior year									
10. Amounts recoverable from reinsurers December 31, prior year	199,619							199,619	
11. Incurred benefits:									
11.1 Direct	24,687,153							24,687,153	
11.2 Reinsurance assumed									
11.3 Reinsurance ceded	14,259							14,259	
11.4 Net	24,672,894							24,672,894	
12. Incurred medical incentive pools and bonuses									

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - Claims Liability End of Current Year

		1	2	3	4	5	6	7	8	9
		Total	Compre- hensive (Medical & Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Other
1.	Reported in Process of Adjustment:									
	1.1 Direct	2,636,342							2,636,342	
	1.2 Reinsurance assumed									
	1.3 Reinsurance ceded									
	1.4 Net	2,636,342							2,636,342	
2.	Incurred but Unreported:									
	2.1 Direct	5,732,998							5,732,998	
	2.2 Reinsurance assumed									
	2.3 Reinsurance ceded									
	2.4 Net	5,732,998							5,732,998	
3.	Amounts Withheld from Paid Claims and Capitations:									
	3.1 Direct	616,528							616,528	
	3.2 Reinsurance assumed									
	3.3 Reinsurance ceded									
	3.4 Net	616,528							616,528	
4.	TOTALS									
	4.1 Direct	8,985,868							8,985,868	
	4.2 Reinsurance assumed									
	4.3 Reinsurance ceded									
	4.4 Net	8,985,868							8,985,868	

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

Line of Business		Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred Durring the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
1.	Comprehensive (medical and hospital) .....	.....	.....	.....	.....	.....	.....
2.	Medicare Supplement .....	.....	.....	.....	.....	.....	.....
3.	Dental only .....	.....	.....	.....	.....	.....	.....
4.	Vision only .....	.....	.....	.....	.....	.....	.....
5.	Federal Employees Health Benefits Plan Premiums .....	.....	.....	.....	.....	.....	.....
6.	Title XVIII - Medicare .....	.....	.....	.....	.....	.....	.....
7.	Title XIX - Medicaid	2,820,333	16,392,362	331,157	8,654,711	3,151,490	3,511,410
8.	Other .....	.....	.....	.....	.....	.....	.....
9.	Subtotals	2,820,333	16,392,362	331,157	8,654,711	3,151,490	3,511,410
10.	Medical incentive pools, accrual and disbursements .....	.....	.....	.....	.....	.....	.....
11.	TOTALS	2,820,333	16,392,362	331,157	8,654,711	3,151,490	3,511,410

12	Underwriting Invest Exh Pt 2C Sn A - Claims Incur.	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Claims Incur.	NONE
12.1	Underwriting Invest Exh Pt 2C Sn A - Claims Incur.	NONE
12.1	Underwriting Invest Exh Pt 2C Sn B - Claims Incur.	NONE
12.2	Underwriting Invest Exh Pt 2C Sn A - Claims Incur.	NONE
12.2	Underwriting Invest Exh Pt 2C Sn B - Claims Incur.	NONE
12.3	Underwriting Invest Exh Pt 2C Sn A - Claims Incur.	NONE
12.3	Underwriting Invest Exh Pt 2C Sn B - Claims Incur.	NONE
12.4	Underwriting Invest Exh Pt 2C Sn A - Claims Incur.	NONE
12.4	Underwriting Invest Exh Pt 2C Sn B - Claims Incur.	NONE
12.5	Underwriting Invest Exh Pt 2C Sn A - Claims Incur.	NONE
12.5	Underwriting Invest Exh Pt 2C Sn B - Claims Incur.	NONE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF INCURRED CLAIMS
(000 Omitted)

Title XIX - Medicaid

Section A

Year in Which Losses Were Incurred		Net Amounts Paid				
		1 1997	2 1998	3 1999	4 2000	5 2001
1.	Prior .....	.....	.....	.....	.....	.....
2.	1997 .....	.....	.....	.....	.....	.....
3.	1998	X X X .....	.....	.....	.....	.....
4.	1999	X X X	X X X .....	.....	.....	..... 19
5.	2000	X X X	X X X	X X X .....	.....	..... 2,802
6.	2001	X X X	X X X	X X X	X X X .....	..... 16,392

Section B

Year in Which Losses Were Incurred		Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 1997	2 1998	3 1999	4 2000	5 2001
1.	Prior .....	.....	.....	.....	.....	.....
2.	1997 .....	.....	.....	.....	.....	.....
3.	1998	X X X .....	.....	.....	.....	.....
4.	1999	X X X	X X X .....	.....	.....	.....
5.	2000	X X X	X X X	X X X .....	.....	.....
6.	2001	X X X	X X X	X X X	X X X .....	..... 27,584

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF INCURRED CLAIMS
(000 Omitted)

Other

Section A

Year in Which Losses Were Incurred		Net Amounts Paid				
		1 1997	2 1998	3 1999	4 2000	5 2001
1.	Prior	NONE				
2.	1997					
3.	1998					
4.	1999		X X			
5.	2000		X X	X X X		
6.	2001	X X X	X X X	X X X	X X X	

Section B

Year in Which Losses Were Incurred		Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 1997	2 1998	3 1999	4 2000	5 2001
1.	Prior	NONE				
2.	1997					
3.	1998					
4.	1999		X X			
5.	2000		X X	X X X		
6.	2001	X X X	X X X	X X X	X X X	

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF INCURRED CLAIMS
(000 Omitted)

Grand Total

Section A

Year in Which Losses Were Incurred		Net Amounts Paid				
		1 1997	2 1998	3 1999	4 2000	5 2001
1.	Prior .....	.....	.....	.....	.....	.....
2.	1997 .....	.....	.....	.....	.....	.....
3.	1998	X X X .....	.....	.....	.....	.....
4.	1999	X X X	X X X .....	.....	.....	..... 19
5.	2000	X X X	X X X	X X X .....	.....	..... 2,802
6.	2001	X X X	X X X	X X X	X X X .....	..... 16,392

Section B

Year in Which Losses Were Incurred		Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 1997	2 1998	3 1999	4 2000	5 2001
1.	Prior .....	.....	.....	.....	.....	.....
2.	1997 .....	.....	.....	.....	.....	.....
3.	1998	X X X .....	.....	.....	.....	.....
4.	1999	X X X	X X X .....	.....	.....	.....
5.	2000	X X X	X X X	X X X .....	.....	.....
6.	2001	X X X	X X X	X X X	X X X .....	..... 27,584

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS

	1	2	3	4	5	6	7	8	9
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
	POLICY RESERVE								
1. Unearned premium reserves									
2. Additional policy reserves (a)									
3. Reserve for future contingent benefits									
4. Reserve for rate credits or experience rating refunds (including \$#####) for investment income									
5. Aggregate write-ins for other policy reserves									
6. Totals (gross)									
7. Reinsurance ceded									
8. Totals (Net) (Page 3, Line 4)									
	CLAIM RESERVE								
9. Present value of amounts not yet due on claims									
10. Reserve for future contingent benefits									
11. Aggregate write-ins for other claim reserves									
12. Totals (gross)									
13. Reinsurance ceded									
14. Totals (Net) (Page 3, Line 5)									
DETAILS OF WRITE-INS									
0501									
0502									
0503									
0598. Summary of remaining write-ins for Line 5 from overflow page									
0599. Totals (Lines 0501 through 0503 plus 0598)(Line 5 above)									
1101									
1102									
1103									
1198. Summary of remaining write-ins for Line 11 from overflow page									
1199. Totals (Lines 1101 through 1103 plus 1198)(Line 11 above)									

(a) Includes \$..... premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

	1 Claim Adjustment Expenses	2 General Administrative Expenses	3 Investment Expenses	4 Total
1. Rent (\$..... for occupancy of own building)				
2. Salaries, wages and other benefits		652,136		652,136
3. Commissions (less \$..... ceded plus \$..... assumed) ...				
4. Legal fees and expenses				
5. Certifications and accreditation fees		10,568		10,568
6. Auditing, actuarial and other consulting services		167,201		167,201
7. Traveling expenses				
8. Marketing and advertising		44,289		44,289
9. Postage, express and telephone		29,712		29,712
10. Printing and office supplies		11,055		11,055
11. Occupancy, depreciation and amortization				
12. Equipment				
13. Cost or depreciation of EDP equipment and software		2,256		2,256
14. Outsourced services including EDP, claims, and other services		713,664		713,664
15. Boards, bureaus and association fees		15,625		15,625
16. Insurance, except on real estate				
17. Collection and bank service charges				
18. Group service and administration fees				
19. Reimbursements by uninsured accident and health plans				
20. Reimbursements from fiscal intermediaries				
21. Real estate expenses				
22. Real estate taxes				
23. Taxes, licenses and fees:				
23.1 State and local insurance taxes				
23.2 State premium taxes				
23.3 Regulator authority licenses and fees				
23.4 Payroll taxes				
23.5 Other (excluding federal income and real estate taxes)				
24. Investment expenses not included elsewhere				
25. Aggregate write-ins for expenses		421,580		421,580
26. Total expenses incurred (Lines 1 to 25)		2,068,086		(a)..... 2,068,086
27. Add expenses unpaid December 31, prior year		98,475		98,475
28. Less expenses unpaid December 31, current year		11,827		11,827
29. Amounts receivable relating to uninsured accident and health plans, prior year				
30. Amounts receivable relating to uninsured accident and health plans, current year				
31. Total expenses paid (Lines 26 plus 27 minus 28 plus 29 minus 30) .		2,154,734		2,154,734
DETAILS OF WRITE-INS				
2501. GENERAL & ADMINISTRATIVE		421,580		421,580
2502				
2503				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 through 2503 + 2598)(Line 25 above)		421,580		421,580

(a) Includes management fees of \$..... to affiliates and \$..... to non-affiliates.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 4 - INTEREST, DIVIDENDS AND REAL ESTATE INCOME

		1	Current Year			5	6
		Collected During Year	2	3	4	Prior Year Due and Accrued and Unearned	Earned During Year (Cols.1 - 2 + 3 + 4 - 5)
		Schedule	Unearned	Due and Accrued (g)	Foreign Exchange Adjustment		
1.	Government bonds	D(a) ..					
1.1	Other bonds (unaffiliated)	D(a) ..					
1.2	Bonds of affiliates	D(a) ..					
2.1	Preferred stocks (unaffiliated)	D(b) ..					
2.11	Preferred stocks of affiliates	D(b) ..					
2.2	Common stocks (unaffiliated)	D ..					
2.21	Common stocks of affiliates	D ..					
3.	Mortgage loans	B(c) ..					
4.	Real estate	A(d) ..					
5.1	Cash on hand and on deposit		205,521	12,984			218,504
5.2	Short-term investments	DA(e) .					
6.	Other invested assets	BA ..					
7.	Derivative instruments	DB(f) ..					
8.	Aggregate write-ins for investment income						
9.	TOTALS		205,521	12,984			218,504
DEDUCTIONS							
10.	Total investment expenses incurred (Part 3, Line 26, Col. 3)					(h).....	
11.	Interest expense						
12.	Depreciation on real estate						
13.	Aggregate write-ins for other deductions						
14.	Total deductions (Lines 10 to 13)						
15.	Net investment income earned (Line 9 minus Line 14)(to Page 4, Line 22)						218,504
DETAILS OF WRITE-INS							
0801	.....	.. X X X .					
0802	.....	.. X X X .					
0803	.....	.. X X X .					
0898.	Summary of remaining write-ins for Line 8 from overflow page .....	.. X X X .					
0899.	Totals (Lines 0801 through 0803 plus 0898)(Part 4, Line 8) .....	.. X X X .					
1301	.....					
1302	.....					
1303	.....					
1398.	Summary of remaining write-ins for Line 13 from overflow page						
1399.	Totals (Lines 1301 through 1303 plus 1398)(Part 4, Line 13)						
(a) Includes \$..... accrual of discount less \$..... amortization of premium.				(f) Includes \$..... accrual of discount less \$..... amortization of premium.			
(b) Includes \$..... accrual of discount less \$..... amortization of premium.				(g) Admitted items only. State basis of exclusions for corporation's occupancy of its own buildings:			
(c) Includes \$..... accrual of discount less \$..... amortization of premium.				(h) Includes \$..... interest on surplus notes and \$..... interest on capital notes.			
(d) Includes \$..... for corporation's occupancy of its own buildings.							
(e) Includes \$..... accrual of discount less \$..... amortization of premium.							

PART 4A - CAPITAL GAINS AND (LOSSES) ON INVESTMENTS

		1	2	3	4	5	6	7
		Realized Profit (Loss) on Sale or Maturity	Realized Foreign Exchange Profit (Loss) on Sale or Maturity	Other Realized Adjustment	Increase (Decrease) by Adjustments	Unrealized Foreign Exchange Gain (Loss)	Net Gain (Loss) from Change in Difference Between Book/ Adjusted Carrying and Admitted Values	Total (Sum of Columns 1 to 6)
1.	Government bonds							
1.1	Other bonds (unaffiliated)							
1.2	Bonds of affiliates							
2.1	Preferred stocks (unaffiliated)							
2.11	Preferred stocks of affiliates							
2.2	Common stocks (unaffiliated)							
2.21	Common stocks of affiliates							
3.	Mortgage loans							
4.	Real estate				(a).....			
5.1	Cash on hand and on deposit							
5.2	Short-term investments							
6.	Other invested assets							
7.	Derivative instruments							
8.	Aggregate write-ins for capital gains and (losses)							
9.	TOTALS							
(Distribution of Line 9, Col.7)								
10.	Net realized capital gains or (losses) (Page 4, Line 23)(Line 9, Col. 1 + 2 + 3)							
11.	Net unrealized capital gains or (losses)							
DETAILS OF WRITE-INS								
0801	.....						
0802	.....						
0803	.....						
0898.	Summary of remaining write-ins for Line 8 from overflow page							
0899.	TOTALS (Lines 0801 through 0803 plus 0898) (Part 4A, Line 8)							

(a) Excluding \$..... depreciation on real estate included in Part 4, Line 12.

EXHIBIT 1 - ANALYSIS OF NONADMITTED ASSETS AND RELATED ITEMS

		1 End of Current Year	2 End of Prior Year	3 Changes for Year (Increase) or Decrease
1.	Summary of items Page 2, Lines 10 to 16 and 19 to 20, Column 2			
2.	Other Nonadmitted Assets:			
2.1	Furniture and Equipment			
2.2	Leasehold improvements			
2.3	Amounts due from agents			
3.	TOTAL (Lines 2.1 to 2.3)			
4.	Loans on company stock			
5.	Aggregate write-ins for other than invested assets			
6.	TOTAL (Line 1 plus 3 through 5)			
DETAILS OF WRITE-INS				
0501	.....		
0502	.....		
0503	.....		
0598.	Summary of remaining write-ins for Line 5 from overflow page			
0599.	TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)			

NONE

EXHIBIT 2 - ENROLLMENT BY PRODUCT TYPE

Source of Enrollment		Total Members at End of					6
		1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1.	Health Maintenance Organizations	13,444	13,272	14,189	15,356	15,881	174,289
2.	Provider Service Organizations						
3.	Preferred Provider Organizations						
4.	Point of Service						
5.	Indemnity Only						
6.	Aggregate write-ins for other lines of business						
7.	Total	13,444	13,272	14,189	15,356	15,881	174,289
DETAILS OF WRITE-INS							
0601	.....					
0602	.....					
0603	.....					
0698.	Summary of remaining write-ins for Line 6 from overflow page						
0699.	Totals (Lines 0601 through 0603 plus 0698)(Line 6 above)						

Notes to Financial Statement

NotestoFinancialStatement

McLarenHealthPlan,Inc
December31,2001

1. OrganizationandOperation

McLarenHealthPlan,Inc(ThePlan)wasincorporatedonSeptember12,1997andcommenced enrollingmembersonAugust1,1998.ThePlanisorganizedasanetworkHMO.ThePlanwas formedtoprovidecomprehensivemedicalservicestopersonsin specificMichigancountieswho subscribeasrecipients ofStateandFederalhealthbenefits,specificallytherecipientsareMedicaid qualifiedenrolleesintheStateofMichigan.

ThePlanprovideshealthcareservicesthroughcontractswithvariousindependentphysicians, physianguroupsandotherhealthcareproviders.ThePlanpaysPrimaryCareProviders(PCPs)a monthlycapitation;allotherprovidersarepaidMichiganMedicaidfeeforservicerates.Risksharing agreementsexistamongthePlan,PCPsandthe3Parentownedhospitalsforoutpatientandinpatient services.Generally,underthetermsoftheagreements,10%ofcapitationandpaidclaimamountsare withheld.TheamountofwithholdreturnedorretainedisdeterminedbythePlanannualNetIncome orNetLoss,andisinproportiontotheproviders'capitationorpaidclaimamounts.Therearenorisk arrangementswithspecialistprovidersornon-affiliatedhospitals.

For2001thePlanwas100%atriskforallinpatientservices.

ThePlanbecameaMichiganHMOon12/14/99.
ThePlanchangeditsMichiganstatusfromforprofittonotforprofiton5/18/00.
ThePlanwasawardedtax-exemptstatusbytheIRSinNovember2000,effective1/1/00.
ThePlanbecameanNCQAaccredited"NewHealthPlan".

Therearenonon-affiliatedmanagementagreements.

ThebooksandrecordsarelocatedinFlint,Michigan.

2. SignificantAccountingPolicies

- a. BasisofPresentation:
TheaccompanyingfinancialstatementsofthePlanhavebeenpreparedin conformitywith NAIC"AnnualStatementInstructions"and"AccountingPracticesandProcedures"manual.
- b. CashandCashEquivalents:
ThePlanconsidersallhighlyliquidinvestmentpurchasedwithanoriginalmaturityofthree monthsorlesstobecashequivalents.
- c. PropertyandEquipment:
Equipmentisrecordedatcost.Depreciationisrecognizedunderstraight-linemethodsoverthe estimatedusefullivesoftheassets.
- d. AccruedMedicalClaims:
Healthcarecostsareaccruedintheperiodthehealthcareservicesareprovided,andincluded actuarialestimatesofservicesperformedwhichhavenotbeenreportedtothePlanbyproviders.
- e. Premiums:
Medicaidcapitation(premium)revenueisrecognizedintheperiodsubscribersareentitledto relatedhealthcareservices.100%ofPlanpremiumisMedicaidcapitationfromtheStateof Michigan.
- f. MinimumNetWorth:
UnderthelawsoftheStateofMichigan,thePlanisrequiredtomaintain:
(1) Networth:ForHMOsthatprovide90%ofbenefitpayoutwithcontractedoremployed providers,theminimumnetworthrequirementisthegreaterof:
\$1,500,000or4%ofsubscriptionrevenueor3months'uncoveredexpenditures.

ForHMOsthatdonotprovide90%ofbenefitpayoutfromcontractedoremployed providers,theminimumnetworthrequirementisthegreaterof:
\$3,000,000or10%ofsubscriptionrevenueor3months'uncoveredexpenditures.

Networthisdeterminedonastatutoryaccountingbasis.

Notes to Financial Statement

Existing HMOs have until 12/31/2003 to comply with the new requirement. However, if an HMO attains the new minimum level of net worth prior to 12/31/2003 it must continue to maintain that level of net worth.

- (2) Working capital: Requires HMOs to have a financial plan that at a minimum includes cash flow needs and adequacy of working capital. Working capital must be at an adequate level and at no time may it be negative. The commissioner may establish a minimum level of working capital.

- (3) Statutory deposit: Segregated funds to protect subscribers and health care providers. The Plan held \$1,001,605 in a Trust Indenture with Bank One.

An amount determined adequate by the commissioner but not less than \$100,000 plus 5% of annual subscription revenue up to a \$1,000,000 maximum deposit.

Existing HMOs have until 12/31/2001 to comply with the new requirement. However, if an HMO attains the new minimum level prior to 12/31/2001 it must continue to maintain that level of statutory deposit.

- g. Use of Estimates:
The preparation of financial statements in conformity with GAAP and SAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenue and expenses during the reporting period. Actual results could differ from these estimates. Significant estimates exist relating to accrued health care costs. These estimates are actuarially determined and represent the Plan's best estimate of the level of claims to be paid applicable to 2001 or prior periods. It is at least reasonably possible that these estimates will be materially revised in the near term. Any future adjustments to these amounts will affect the reported results in the future periods.

3. Related Parties:

The Plan purchases administrative services for its parent company, McLaren Health Care Corporation (MHCC), and health services from other entities that are related through common ownership and common board governance. Significant related party transactions are as follows:

- a. Administrative Costs:
MHCC and affiliates provide the Plan with various support, including personnel and information system operation support. Amounts charged to the Plan during the year ended 12/31/2001 totaled \$887,783. Accounts payable to MHCC and affiliates for administrative services totaled \$246,326 as of 12/31/2001.
- b. Health Care Services:
The Plan contracts with various affiliates of MHCC for the provision of health care services. These contracts are paid \$6,531,259 for the year ended 12/31/2001. A portion of these payments is retained for settlement of risk-sharing agreements with these affiliates. This retention totaled \$286,817 at 12/31/2001 and is included in medical claims and capitation payable in the statement of admitted assets, liabilities and net assets.

4. Income Taxes:

The Plan filed for and was awarded tax-exempt status by the IRS for 2000 and beyond.

5. Information Concerning the Parent, Subsidiaries and Affiliates

- a. All outstanding shares of the Plan are owned and held by McLaren Health Care Corporation (MHCC), a Michigan non-profit corporation and holding company of various health care entities.
- b. The Plan does not hold any investment in its parent, affiliates, or subsidiaries.
- c. The Plan does not hold any shares of an upstream intermediate of ultimate parent.
- d. There are no guarantees or undertakings for the benefit of an affiliate.
- e. MHCC and affiliates provide the Plan with various administrative support, including personnel and information system operation support.

6. Retirement Plans, Deferred Compensation and Other Post Retirement Benefit Plans

Notes to Financial Statement

- a.

Employee Retirement Plans:

The Plan is a wholly subsidiary of MHCC, which sponsors a defined benefit pension plan covering substantially all the Plan's employees. The benefits under the plan are based on years of service and the employee's termination of employment.

The funding policy is to contribute annually an amount in accordance with the standards of the Employee Income Security Act of 1974. Contributions are intended to provide not only the benefits attributed to service to date, but also those expected to be earned in the future.
- b.

Deferred Compensation Plan:

403b plans are made available to the Plan's employees. The Plan does not participate.
- c.

Post Retirement Benefit Plans:

MHCC sponsors a defined benefit post retirement plan that provides post retirement medical benefits to substantially all Plan employees who have a minimum of 10 years service after the age of 45. Currently the costs of these benefits are funded as expenditures are made. The retiree health care plan requires participant contributions and deductibles.
7.

Dividend Restrictions

The Plan did not pay dividends.

The Commissioner (State of Michigan) shall consider the following factors regarding dividends:

a.

The adequacy of the level of surplus as regards policyholders remaining after the dividend payment(s),

b.

The quality of the Plan's earnings and the extent to which the reported earnings include extraordinary items, such as surplus relief reinsurance transactions and reserved strengthening,

c.

The quality and liquidity of investments in subsidiaries,

d.

If the Commissioner determines that the Plan's surplus as regards policyholders is not reasonable in relation to the Plan's outstanding liabilities and is not adequate to its financial needs, the commissioner shall limit or disallow the payment of shareholder dividends.

Dividends shall be declared or paid only from earned surplus, unless approved by the Commissioner.
8.

Commitments and Contingencies

The Plan is susceptible to various legal actions related to Plan activities. Management is of the opinion that no litigation matters are outstanding or pending that will have a material effect on its financial position or results of operations.
9.

Uncollectible Reinsurance

The Plan had no uncollectible reinsurance.
10.

Contingent Liabilities

The Plan had no material contingent liabilities.
11.

Commutation of Reinsurance

The Plan had no commutation of reinsurance.
12.

Borrowed Money

The Plan had no borrowed money.
13.

Leases

The Plan has no material lease obligations at this time.
14.

Gain or Loss to the HMO from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

Not applicable.
15.

Events Subsequent

The Plan had no events occurring subsequent to the close of the books or accounts for this statement that may have a material effect on the financial condition of the Plan.
16.

Other Items

The Plan elected to use rounding in reporting amounts in the statements.

Notes to Financial Statement

ANNUAL STATEMENT FOR THE YEAR 2001 OF THE McLAREN HEALTH PLAN, INC

SUMMARY INVESTMENT SCHEDULE

Investment Categories		Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
		1 Amount	2 Percentage	3 Amount	4 Percentage
1.	Bonds:				
1.1	U.S. treasury securities				
1.2	U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21	Issued by U.S. government agencies				
1.22	Issued by U.S. government sponsored agencies				
1.3	Foreign government (including Canada, excluding mortgage-backed securities)				
1.4	Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41	States, territories and possessions general obligations				
1.42	Political subdivisions of states, territories and possessions and political subdivisions general obligations				
1.43	Revenue and assessment obligations				
1.44	Industrial development and similar obligations				
1.5	Mortgage-backed securities (includes residential and commercial MBS):				
1.51	Pass-through securities:				
1.511	Guaranteed by GNMA				
1.512	Issued by FNMA and FHLMC				
1.513	Privately issued				
1.52	CMOs and REMICs:				
1.521	Issued by FNMA and FHLMC				
1.522	Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC				
1.523	All other privately issued				
2.	Other debt and other fixed income securities (excluding short term):				
2.1	Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)				
2.2	Unaffiliated foreign securities				
2.3	Affiliated securities				
3.	Equity interests:				
3.1	Investments in mutual funds				
3.2	Preferred stocks:				
3.21	Affiliated				
3.22	Unaffiliated				
3.3	Publicly traded equity securities (excluding preferred stocks):				
3.31	Affiliated				
3.32	Unaffiliated				
3.4	Other equity securities:				
3.41	Affiliated				
3.42	Unaffiliated	1,001,605	100.000	1,001,605	7.759
3.5	Other equity interests including tangible personal property under lease:				
3.51	Affiliated				
3.52	Unaffiliated				
4.	Mortgage loans:				
4.1	Construction and land development				
4.2	Agricultural				
4.3	Single family residential properties				
4.4	Multifamily residential properties				
4.5	Commercial loans				
5.	Real estate investments:				
5.1	Property occupied by company				
5.2	Property held for production of income (includes \$..... of property acquired in satisfaction of debt)				
5.3	Property held for sale (\$..... including property acquired in satisfaction of debt)				
6.	Policy loans				
7.	Receivables for securities				
8.	Cash and short-term investments			11,907,905	92.241
9.	Other invested assets				
10.	Total invested assets	1,001,605	100.000	12,909,510	100.000

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes[X] No[]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principle insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes[X] No[] N/A[]
..... Michigan.....
- 1.3 State Regulating?
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes[] No[X]
- 2.2 If yes, date of change:
If not previously filed, furnish herewith a certified copy of the instrument as amended.

.....
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

.....12/31/1999.....
- 3.2 State as of what date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

.....12/31/1999.....
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

.....05/11/2001.....
- 3.4 By what department or departments?
MICHIGAN OFFICE OF FINANCIAL & INSURANCE SERVICES
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business?

Yes[] No[X]
- 4.12 renewals?

Yes[] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business?

Yes[] No[X]
- 4.22 renewals?

Yes[] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes[] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile
.....

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action either formal or informal, if a confidentiality clause is part of the agreement)

Yes[] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes[] No[X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control

..... %
- 7.22 State the nationality(s) of the foreign person(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1	2
Nationality	Type of Entity
.....

GENERAL INTERROGATORIES (continued)

8. What interest, direct or indirect, has this reporting entity in the capital stock of any other insurance company?
NONE
9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
PLANTE & MORAN, LLP 1111 MICHIGAN AVENUE EAST LANSING, MICHIGAN 48823
10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
INDEPENDENT CONSULTING ACTUARY - NIIS/APEX GROUP HOLDINGS, INC/ 125-310 VILLAGE BOUVELARD PRINCETON, NJ 08540
11. Except for retirement plans generally applicable to its staff employees, has the reporting entity any agreement with any person, other than contracts with its agents for the payment of commissions whereby it agrees that for any service rendered or to be rendered, that he/she shall receive directly or indirectly, any salary, compensation or emolument that will extend beyond a period of 12 months from the date of the agreement?

Yes[] No[X]
12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITES ONLY:
12.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?
12.3 Have there been any changes made to any of the trust indentures during the year?
12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes?

Yes[] No[X]
Yes[] No[X]
Yes[] No[] N/A[X]
13. Have the instructions for completing the blank required by this department been followed in every detail?

Yes[X] No[]

BOARD OF DIRECTORS

14. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committees thereof?

Yes[X] No[]
15. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?

Yes[X] No[]
16. Did any person while an officer, director, or trustee of the reporting entity receive directly or indirectly, during the period covered by this statement any commission on the business transactions of the reporting entity?

Yes[] No[X]
17. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees which is in or is likely to conflict with the official duties of such person?

Yes[X] No[]

FINANCIAL

- 18.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
18.11 To directors or other officers
18.12 To stockholders not officers
18.13 Trustees, supreme or grand (Fraternal only)

\$ 0
\$ 0
\$ 0
- 18.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
18.21 To directors or other officers
18.22 To stockholders not officers
18.23 Trustees, supreme or grand (Fraternal only)

\$ 0
\$ 0
\$ 0
- 19.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

Yes[] No[X]
- 19.2 If yes, state the amount thereof at December 31 of the current year:
19.21 Rented from others
19.22 Borrowed from others
19.23 Leased from others
19.24 Other

\$
\$
\$
\$
- Disclose in Notes to Financial the nature of each obligation.
- 20.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

Yes[] No[X]
- 20.2 If answer is yes:
20.21 Amount paid as losses or risk adjustment
20.22 Amount paid as expenses
20.23 Other amounts paid

\$
\$
\$

GENERAL INTERROGATORIES (continued)
INVESTMENT

21.1 List the following capital stock information for the reporting entity:

Class	1 Number of Shares Authorized	2 Number of Shares Outstanding	3 Par Value Per Share	4 Redemption Price If Callable	5 Is Dividend Rate Limited?	6 Are Dividends Cumulative?
1. Preferred .....	.....	..... 0.000	..... 0.000	..... 0.000	.... Yes[] No[X] ....	.... Yes[] No[X]
2. Common .....	..... 60,000.000	..... 0.000	..... 1.000	..... X X X .....	..... X X X .....	..... X X X

22.1 Were all the stocks, bonds and other securities owned December 31 current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 2 - Special Deposits? Yes[X] No[]

22.2 If no, give full and complete information, relating thereto:

23.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on Schedule E - Part 2 - Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 23.2) Yes[] No[X]

23.2 If yes, state the amount thereof at December 31 of the current year:

23.21	Loaned to others	\$
23.22	Subject to repurchase agreements	\$
23.23	Subject to reverse repurchase agreements	\$
23.24	Subject to dollar repurchase agreements	\$
23.25	Subject to reverse dollar repurchase agreements	\$
23.26	Pledged as collateral	\$
23.27	Placed under option agreements	\$
23.28	Letter stock or securities restricted as to sale	\$
23.29	Other	\$

23.3 For each category above, if any of these assets are held by other, identify by whom held:

- 23.31
- 23.32
- 23.33
- 23.34
- 23.35
- 23.36
- 23.37
- 23.38
- 23.39

For categories (23.21) and (23.23) above, and for any securities that were made available for use by another person during the period covered by this statement, attach a schedule as shown in the instructions to the annual statement.

23.4 For category (23.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....

24.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes[] No[X]

24.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes[] No[] N/A[X]
If no, attach a description with this statement.

25.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes[] No[X]

25.2 If yes, state the amount thereof at December 31 of the current year \$

GENERAL INTERROGATORIES (continued)
OTHER

26.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$ 15,625
26.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid
MICHIGAN ASSOC. OF HEALTH PLANS	13,125
NAIC	2,500

27.1 Amount of payments for legal expenses, if any? \$ 2,700
27.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
VLKO, LANE, PAYNE & BRODER, PC	2,700

28.1 Amount of payment for expenditures in connection with matters before legislative bodies, officers or department of government, if any? \$ 0
28.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or department of government during the period covered by this statement.

1 Name	2 Amount Paid
.....

29. What officials or heads of departments of the reporting entity supervised the making of this report?
CFO & PRESIDENT

30.1 Has any direct new business been solicited or written in any state where the reporting entity was not licensed? Yes[] No[X]
30.2 If yes, explain:

FIVE-YEAR HISTORICAL DATA

	1 2001	2 2000	3 1999	4 1998	5 1997
BALANCE SHEET ITEMS (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 23)	13,368,604	5,698,307	3,658,448	1,199,987	
2. Total liabilities (Page 3, Line 18)	9,897,792	4,182,327	2,766,206	1,051,066	
3. Statutory surplus					
4. Total capital and surplus (Page 3, Line 26)	3,470,812	1,515,981	892,242	148,921	
INCOME STATEMENT ITEMS (Page 4)					
5. Total revenues (Line 7)	28,368,975	17,899,615	8,510,577	1,029,839	
6. Total medical and hospital expenses (Line 14)	24,687,153	16,602,815	7,464,855	1,076,534	
7. Total administrative expenses (Line 18)	2,068,086	1,403,374	1,035,735	324,263	
8. Net underwriting gain (loss) Line 21)	1,736,326	343,988	9,987	(370,958)	
9. Net investment gain (loss) Line 24)	218,505	249,751	63,334	19,879	
10. Total other income (Lines 25 plus 26)					
11. Net income or (loss) Line 27)	1,954,831	593,739	73,321	(351,079)	
RISK-BASED CAPITAL ANALYSIS					
12. Total adjusted capital	3,470,812	1,515,981	892,242		X X X
13. Authorized control level risk-based capital	1,427,455	995,944	470,823		X X X
ENROLLMENT (Exhibit 2)					
14. Total members at end of period (Column 5, Line 7)	15,881	13,444	8,104	4,321	
15. Total members months (Column 6, Line 7)	174,289	120,088	83,512	12,344	
OPERATING PERCENT (Page4)					
(Item divided by Page 4, Line2)					
16. Premiums earned (Line 2)	100.0	100.0	100.0	100.0	100.0
17. Total medical and hospital (Line 14)	87.0	92.8	87.7	104.5	
18. Total underwriting deductions (Line 20)	93.9	98.1	99.8	136.0	
19. Total underwriting gain (loss) (Line 21)	6.1	1.9	0.7	(0.4)	
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, 2B)					
20. Total claims incurred for prior years (Line 11, Col. 5)	3,151,490	2,059,650	993,870		
21. Estimated liability of unpaid claims-prior year (Line 11, Col. 6)	3,511,410	1,619,261	716,654		

FIVE-YEAR HISTORICAL DATA (Continued)

		1 2001	2 2000	3 1999	4 1998	5 1997
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES						
22.	Affiliated bonds (Sch. D Summary, Line 25, Col. 1)					
23.	Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1)					
24.	Affiliated common stocks (Sch. D Summary, Line 53, Col. 2)					
25.	Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11)					
26.	Affiliated mortgage loans on real estate					
27.	All other affiliated					
28.	Total of above Lines 22 to 27					

NONE

SCHEDULE D - SUMMARY BY COUNTRY

Long-term Bonds and stocks OWNED December 31 of Current Year

Description			1 Book/Adjusted Carrying Value	2 Fair Value (a)	3 Actual Cost	4 Par Value of Bonds
BONDS Governments (Including all obligations guaranteed by governments)	1.	United States .....	.....	.....	.....	.....
	2.	Canada .....	.....	.....	.....	.....
	3.	Other Countries .....	.....	.....	.....	.....
	4.	Totals .....	.....	.....	.....	.....
States, Territories and Possessions (Direct and Guaranteed)	5.	United States .....	.....	.....	.....	.....
	6.	Canada .....	.....	.....	.....	.....
	7.	Other Countries .....	.....	.....	.....	.....
	8.	Totals .....	.....	.....	.....	.....
Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)	9.	United States .....	.....	.....	.....	.....
	10.	Canada .....	.....	.....	.....	.....
	11.	Other Countries .....	.....	.....	.....	.....
	12.	Totals .....	.....	.....	.....	.....
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13.	United States .....	.....	.....	.....	.....
	14.	Canada .....	.....	.....	.....	.....
	15.	Other Countries .....	.....	.....	.....	.....
	16.	Totals .....	.....	.....	.....	.....
Public Utilities (unaffiliated)	17.	United States .....	.....	.....	.....	.....
	18.	Canada .....	.....	.....	.....	.....
	19.	Other Countries .....	.....	.....	.....	.....
	20.	Totals .....	.....	.....	.....	.....
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21.	United States .....	.....	.....	.....	.....
	22.	Canada .....	.....	.....	.....	.....
	23.	Other Countries .....	.....	.....	.....	.....
	24.	Totals .....	.....	.....	.....	.....
Parent, Subsidiaries and Affiliates	25.	Totals .....	.....	.....	.....	.....
	26.	Total Bonds .....	.....	.....	.....	.....
PREFERRED STOCKS Public Utilities (unaffiliated)	27.	United States .....	.....	.....	.....	.....
	28.	Canada .....	.....	.....	.....	.....
	29.	Other Countries .....	.....	.....	.....	.....
	30.	Totals .....	.....	.....	.....	.....
Banks, Trust and Insurance Companies (unaffiliated)	31.	United States .....	.....	.....	.....	.....
	32.	Canada .....	.....	.....	.....	.....
	33.	Other Countries .....	.....	.....	.....	.....
	34.	Totals .....	.....	.....	.....	.....
Industrial and Miscellaneous (unaffiliated)	35.	United States .....	.....	.....	.....	.....
	36.	Canada .....	.....	.....	.....	.....
	37.	Other Countries .....	.....	.....	.....	.....
	38.	Totals .....	.....	.....	.....	.....
Parent, Subsidiaries and Affiliates	39.	Totals .....	.....	.....	.....	.....
	40.	Total Preferred Stocks .....	.....	.....	.....	.....
COMMON STOCKS Public Utilities (unaffiliated)	41.	United States .....	.....	.....	.....	.....
	42.	Canada .....	.....	.....	.....	.....
	43.	Other Countries .....	.....	.....	.....	.....
	44.	Totals .....	.....	.....	.....	.....
Banks, Trust and Insurance Companies (unaffiliated)	45.	United States .....	.....	.....	.....	.....
	46.	Canada .....	.....	.....	.....	.....
	47.	Other Countries .....	.....	.....	.....	.....
	48.	Totals .....	.....	.....	.....	.....
Industrial and Miscellaneous (unaffiliated)	49.	United States	1,001,605	1,001,605	1,001,605	.....
	50.	Canada .....	.....	.....	.....	.....
	51.	Other Countries .....	.....	.....	.....	.....
	52.	Totals	1,001,605	1,001,605	1,001,605	.....
Parent, Subsidiaries and Affiliates	53.	Totals .....	.....	.....	.....	.....
	54.	Total Common Stocks	1,001,605	1,001,605	1,001,605	.....
	55.	Total Stocks	1,001,605	1,001,605	1,001,605	.....
	56.	Total Bonds and Stocks	1,001,605	1,001,605	1,001,605	.....

(a) The aggregate value of bonds which are valued at other than actual market is \$.....

SCHEDULE D - Verification Between Years

1. Book/adjusted carrying value of bonds and stocks, prior year.	528,216	6. Foreign Exchange Adjustment	
2. Cost of bonds and stocks acquired, Column 6, Part 3.....	473,389	6.1 Column 17, Part 1.....	
3. Increase (decrease) by adjustment:		6.2 Column 13, Part 2, Section 1.....	
3.1 Column 16, Part 1.....		6.3 Column 11, Part 2, Section 2.....	
3.2 Column 12, Part 2, Section 1.....		6.4 Column 11, Part 4.....	
3.3 Column 10, Part 2, Section 2.....		7. Book/adjusted carrying value at end of current period.....	1,001,605
3.4 Column 10, Part 4.....		8. Total valuation allowance.....	
4. Total gain (loss), Column 14, Part 4.....		9. Subtotal (Lines 7 plus 8).....	1,001,605
5. Deduct consideration for bonds and stocks disposed of Column 6, Part 4.....		10. Total nonadmitted assets.....	
		11. Statement value of bonds and stocks, current period.....	1,001,605

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

|	<u>McLarenHealthCareCorp</u>	(Non-Profit/Non-Taxable)
|		(38-2397643)
	<u>McLarenHealthPlan</u>	(Non-Profit/Non-Taxable)
		(38-3383640)

McLarenHealthPlan(MHP)isawhollyownedsubsidiaryofMcLarenHealthCareCorporation(MHCC),aMichigan non-profitcorporationandholdingcompanyofvarioushealthcareentities.

AlloftheauthorizedandissuedMcLarenHealthPlancapitalstock(60,000shares@\$1par)isheldbyMHCC. Additionally,MHCCpaid\$440,000ofpaidinsurplusandin1999\$700,000ofcapitalcontribution.

54 McLarenHealthPlanistheonlyinsurerorHMOintheMHCCholdingcompany.

ThefollowingMHP/MHCCaffiliateshaveprovidedservicestoMcLarenHealthPlanHMOmembers.Allofthe affiliatesarecontractedprovidersreimbursedatapprovedMichiganMedicaidrates:

- InghamRegionalMedicalCenter(Hospital)
- InghamRegionalHomeCareServices
- LapeerRegionalHospital
- McLarenRegionalMedicalCenter(Hospital)
- McLarenMedicalManagement(Physicians)
- VisitingNurseAssociationofFlint

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

			1	2	Direct Business Only			
			Guaranty Fund (Yes or No)	Is Insurer Licensed (Yes or No)	3	4	5	6
State, Etc.					Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums
1.	Alabama	AL	No	No				
2.	Alaska	AK	No	No				
3.	Arizona	AZ	No	No				
4.	Arkansas	AR	No	No				
5.	California	CA	No	No				
6.	Colorado	CO	No	No				
7.	Connecticut	CT	No	No				
8.	Delaware	DE	No	No				
9.	District of Columbia	DC	No	No				
10.	Florida	FL	No	No				
11.	Georgia	GA	No	No				
12.	Hawaii	HI	No	No				
13.	Idaho	ID	No	No				
14.	Illinois	IL	No	No				
15.	Indiana	IN	No	No				
16.	Iowa	IA	No	No				
17.	Kansas	KS	No	No				
18.	Kentucky	KY	No	No				
19.	Louisiana	LA	No	No				
20.	Maine	ME	No	No				
21.	Maryland	MD	No	No				
22.	Massachusetts	MA	No	No				
23.	Michigan	MI	No	Yes			28,899,406	
24.	Minnesota	MN	No	No				
25.	Mississippi	MS	No	No				
26.	Missouri	MO	No	No				
27.	Montana	MT	No	No				
28.	Nebraska	NE	No	No				
29.	Nevada	NV	No	No				
30.	New Hampshire	NH	No	No				
31.	New Jersey	NJ	No	No				
32.	New Mexico	NM	No	No				
33.	New York	NY	No	No				
34.	North Carolina	NC	No	No				
35.	North Dakota	ND	No	No				
36.	Ohio	OH	No	No				
37.	Oklahoma	OK	No	No				
38.	Oregon	OR	No	No				
39.	Pennsylvania	PA	No	No				
40.	Rhode Island	RI	No	No				
41.	South Carolina	SC	No	No				
42.	South Dakota	SD	No	No				
43.	Tennessee	TN	No	No				
44.	Texas	TX	No	No				
45.	Utah	UT	No	No				
46.	Vermont	VT	No	No				
47.	Virginia	VA	No	No				
48.	Washington	WA	No	No				
49.	West Virginia	WV	No	No				
50.	Wisconsin	WI	No	No				
51.	Wyoming	WY	No	No				
52.	American Samoa	AS	No	No				
53.	Guam	GU	No	No				
54.	Puerto Rico	PR	No	No				
55.	U.S. Virgin Islands	VI	No	No				
56.	Canada	CN	No	No				
57.	Aggregate other alien	OT	X X X	X X X				
58.	TOTAL (Direct Business)		X X X	1			28,899,406	
DETAILS OF WRITE-INS								
5701								
5702								
5703								
5798.	Summary of remaining write-ins for Line 57 from overflow page							
5799.	TOTALS (Lines 5701 through 5703 plus 5798) (Line 57 above)							